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 QUALFAX, INC. c/o RTI Properties, Inc., its successors and/or assignees in interest

UNITED STATES BANKRUPTCY COURT FOR THE
 EASTERN DISTRICT OF CALIFORNIA
 SACRAMENTO DIVISION

In re: Town & Country West LLC
 Debtor.

Bk. No. 24-24493
 Chapter 11

Bk. No. 24-24492
 Chapter 11

MOTION TO APPROVE STIPULATIONS
 FOR ADEQUATE PROTECTION

In re: Town & Country Event Center LLC,
 Debtor.

Hearing-
 Date: February 13, 2025
 Time: 10:30 a.m.
 Location: United States Bankruptcy Court
 501 I Street, 6th Floor, Courtroom 33
 Sacramento, CA

COMES NOW QUALFAX, INC. c/o RTI Properties, Inc., its successors and/or assignees in interest and moves the Court for approval of the Stipulations for Adequate Protection between PRIVATE MORTGAGE FUND, LLC, its successors and/or assignees in interest (“**Senior Lienholder**”) and QUALFAX, INC. c/o RTI Properties, Inc., its successors and/or assignees in interest (“**Junior Lienholder**” and/or “**Secured Creditor**”)¹ and Town & Country West LLC (“**West Debtor**”) and Town & Country Event Center LLC (“**Center Debtor**”)².

This Motion shall be based on these moving papers, the Stipulations for Adequate

¹ Senior Lienholder and Junior Lienholder are collectively referred to as “the Lienholders” herein.

² West Debtor and Center Debtor are collectively referred to as “the Debtors” herein.

Protection, and the pleadings and records on file with this Court.

I. RECITALS

1. The Senior Lienholder is the current payee of a Promissory Note dated April 1, 2022, in the principal amount of \$13,000,000 (“**Note 1**”) secured by a First Deed of Trust of the same date (“**First Fulton DOT**”) which encumbers the real property located at 2961 Fulton Ave, Sacramento, CA 95821 (“**Fulton Property**”), a First Deed of Trust of the same date (“**First Marconi DOT**”) which encumbers the real property located at 2501 Marconi Ave, Sacramento, CA 95821 (“**Marconi Property**”) and a First Deed of Trust of the same date (“**First White Rock DOT**”) which encumbers the real property located at 11354 White Rock Rd., Rancho Cordova, CA 95742 (“**White Rock Property**”)³. The current amount owing to the Senior Lienholder on its claim secured by the Properties is \$13,359,014.83 as of October 7, 2024.

2. The Junior Lienholder is the current payee of a Promissory Note dated April 20, 2022, in the principal amount of \$2,500,000 (“**Note 2**”) secured by a Second Deed of Trust of the same date (“**Second Fulton DOT**”) which encumbers the Fulton Property, a Second Deed of Trust of the same date (“**Second Marconi DOT**”) which encumbers the Marconi Property, and a Second Deed of Trust of the same date (“**Second White Rock Property**”) which encumbers the White Rock Property. The current amount owing to the Junior Lienholder on its claim secured by the Properties is \$ as of October 7, 2024.

3. On October 7, 2024, Center Debtor filed Chapter 11 Bankruptcy in the Eastern District of California, Case No. 24-24492 (“**Center BK**”).

4. On October 7, 2024, West Debtor filed Chapter 11 Bankruptcy in the Eastern District of California, Case No. 24-24493 (“**West BK**”).

5. On October 29, 2024, the Debtors filed a motion for joint administration of the Center BK and the West BK, which was granted on November 18, 2024.

6. The Order Granting Motion for Joint Administration was entered on November 18, 2024. [See Docket No. 48, Case No. 24-24493].

³ The Fulton Property, Marconi Property, and the White Rock Property are sometimes referred to as “**the Properties**” herein.

II. STIPULATION

- The Senior Lienholder is the current payee of a Promissory Note dated April 1, 2022, in the principal amount of \$13,000,000 (“**Note 1**”) secured by a First Deed of Trust of the same date (“**First Fulton DOT**”) which encumbers the real property located at 2961 Fulton Ave, Sacramento, CA 95821 (“**Fulton Property**”), a First Deed of Trust of the same date (“**First Marconi DOT**”) which encumbers the real property located at 2501 Marconi Ave, Sacramento, CA 95821 (“**Marconi Property**”) and a First Deed of Trust of the same date (“**First White Rock DOT**”) which encumbers the real property located at 11354 White Rock Rd., Rancho Cordova, CA 95742 (“**White Rock Property**”)⁴. The current amount owing to the Senior Lienholder on its claim secured by the Properties is \$13,359,014.83 as of October 7, 2024.
- The Junior Lienholder is the current payee of a Promissory Note dated April 20, 2022, in the principal amount of \$2,500,000 (“**Note 2**”) secured by a Second Deed of Trust of the same date (“**Second Fulton DOT**”) which encumbers the Fulton Property, a Second Deed of Trust of the same date (“**Second Marconi DOT**”) which encumbers the Marconi Property, and a Second Deed of Trust of the same date (“**Second White Rock Property**”) which encumbers the White Rock Property. The current amount owing to the Junior Lienholder on its claim secured by the Properties is \$ as of October 7, 2024.

⁴ The Fulton Property, Marconi Property, and the White Rock Property are sometimes referred to as “**the Properties**” herein.

- 1 • All parties, including the Borrower, agree that the following amounts are
2 and owing by Borrower as of October 7, 2024:
 - 3 ○ Senior Lienholder \$13,359,014.83
 - 4 ○ Junior Lienholder \$3,103,637.07
- 5 • These above sums are due and owing without offset, deduction,
6 counterclaim, or defense of any kind or nature to the payment thereof.
7 Interest, fees, costs, and charges continue to accrue pursuant to the
8 respective notes and deeds of trust. All of the foregoing amounts in this
9 Paragraph B (including accruing interest, fees, costs and charges), less any
10 payments received by Lienholders hereunder, are hereby deemed allowed
11 secured claims of the Lienholders pursuant to 11 U.S.C. § 506(a) and (b)
12 and shall not be subject to any defense, counterclaim, right of setoff,
13 reduction, avoidance, disallowance, recharacterization, or subordination.
14 The Debtor shall not file or support any objection, motion or adversary
15 proceeding with respect to, or on account of, the Lienholders' claims or
16 otherwise against the Lienholders.
- 17 • Debtors shall pay Senior Lienholder \$47,500.00 each month on its claim
18 that is secured by the Properties, starting with the November 1, 2024
19 payment. Should the order approving this Stipulation be entered by the
20 Court after November 1, 2024, the first payment shall be due seven (7)
21 days after entry of order approving this Stipulation. These monthly
22 payments shall be due on the 1st of the month and continue through April
23 1, 2025.
- 24 • Debtors shall pay Junior Lienholder \$12,500.00 each month on its claim
25 that is secured by the Properties, starting with the November 1, 2024
26 payment. Should the order approving this Stipulation be entered by the
27 Court after November 1, 2024, the first payment shall be due seven (7)
28 days after entry of order approving this Stipulation. These monthly

1 payments shall be due on the 1st of the months and continue through April
2 1, 2025.

- 3 • The Lienholders shall have final approval of any broker to be retained by
4 the Debtors for the sale of the Property. Debtors shall not proceed with
5 any broker not approved by Lienholders. Any approved broker shall
6 provide Lienholders with weekly reports regarding efforts to sell the
7 Properties including, but not limited to, updates of showings, inquiries and
8 offers to purchase the Property. Weekly reports shall commence on
9 December 11 2024, and shall continue each subsequent Monday through
10 April 11, 2025.
- 11 • Debtors shall list the Fulton Property for sale in the amount of
12 \$16,000,000 no later than 7 days after entry of order approving this
13 Stipulation. In the event that the Fulton Property is not in contract by the
14 15th of the respective month, Debtors shall decrease the listing price of the
15 Fulton Property by no less than \$300,000 each thirty (30) days
16 commencing January 15, 2025 and continuing through March 15, 2025.
- 17 • Debtors shall list the White Rock Property for sale in the amount of
18 \$7,000,000 no later than 7 days after entry of order approving this
19 Stipulation. In the event that the White Rock Property is not in contract by
20 the 15th of the respective month, Debtors shall decrease the listing price of
21 the Rancho Cordova Property by no less than \$300,000 each thirty (30)
22 days commencing January 15, 2025 and continuing through March 15,
23 2025.
- 24 • Debtors must maintain adequate insurance coverage on the Properties with
25 Lienholders listed as the loss payees.
- 26 • Debtors must remain current on all taxes that are currently owing or come
27 due on the Properties.
- 28 • Not later than April 15, 2025, Debtors shall payoff Lienholders in full,

1 including any interest fees, and costs that have accrued.

- 2 • In the event that Debtors sell one or both of the Properties, Lienholders
3 shall be paid in full out of escrow, concurrent to closing of escrow without
4 any further Order of the Court required.
- 5 • The Lienholders may accept any and all payments made pursuant to this
6 Stipulation without prejudice to or waiver of any rights or remedies to
7 which Lienholders could otherwise have been entitled under applicable
8 non-bankruptcy law.
- 9 • Upon any default in the terms and conditions set forth in paragraphs A-L
10 of this Stipulation, Lienholders may serve written notice of default to
11 Debtors and Debtors' attorney. If the Debtors fails to cure the default
12 within 10 days after service of such written notice, Lienholders may file
13 and serve a declaration that states under penalty of perjury specifying the
14 default, together with a proposed order terminating the stay, which the
15 court may grant without further notice or hearing.
- 16 • Notwithstanding anything contained herein to the contrary, the Debtors
17 shall be entitled to a maximum of two (2) notices of default and
18 opportunities to cure pursuant to the preceding paragraph. Once the
19 Debtors have defaulted this number of times on the obligations imposed
20 by this Order and has been served with this number of notices of default,
21 Lienholders are relieved of any obligation to serve additional notices of
22 default or to provide additional opportunities to cure. If an event of default
23 occurs thereafter, Lienholders shall be entitled, without first serving a
24 notice of default or providing the Debtor with an opportunity to cure, to
25 file and serve a declaration under penalty of perjury setting forth in detail
26 the Debtor's failures to perform hereunder, together with a proposed order
27 terminating the stay, which the court may enter without further notice or
28 hearing.

- If the Lienholders obtain relief from stay based on Debtors' defaults hereunder, the order granting such relief will contain a waiver of the 14 day stay as provided in FRBP 4001(a)(3).
- The Stipulations shall be binding and effective in the event of any conversion of this case to another chapter under the Bankruptcy Code, and shall bind any subsequently appointed trustee or examiner.
- Debtors shall take all necessary actions to seek approval of this Stipulation by the Bankruptcy Court within two (2) business days following execution of this Stipulation by the parties.
- The Order on the Stipulations are effective immediately upon entry, and are not subject to any stay under the United States Bankruptcy Code, the Federal Rule of Bankruptcy Procedure, or applicable non-bankruptcy law unless otherwise ordered by the Court.

WHEREFORE, Secured Creditor respectfully requests that the Court approve the Stipulations for Adequate Protection filed and entered as Docket No. 51 and Docket No. 53, respectively.

SCHEER LAW GROUP, LLP

DATED: January 21, 2025

/s/ Reilly D. Wilkinson
#250086